



TOKOLOGO MUNICIPALITY
Annual Financial Statements
for the year ended June 30, 2010

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2010

General Information

Legal form of entity	Tokologo is a Category B Local Municipality as defined by the Municipality Structures Act. (Act no 117 of 1998)
Nature of business and principal activities	Tokologo Municipality is a local municipality performing the functions as set out in the Constitution, Act no 105 of 1996)
Mayoral committee	
Executive Mayor	B D Obotseng
Councillors	B E Seakge G K Mokgobo L Mabote S M Fourie N Van der Merwe B E Seekoeie K G Ditira
Grading of local authority	Low Capacity (Grade 2)
Accounting Officer	L M A Mofokeng (Municipal Manager)
Chief Finance Officer (CFO)	M K Khoabane (resigned 31/01/2010) M Masisi (appointed 01/07/2010)
Registered office	Voortrekker Street Market Square Boshof 8340
Business address	Private Bag X46 Boshof 8340
Postal address	Private Bag X46 Boshof 8340
Bankers	First National Bank, Boshof
Auditors	The Auditor General of South Africa

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General Information

Relevant Legislation

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

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Abbreviations

GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

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Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are responsible for reporting on the fair presentation of the annual financial statements.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The annual financial statements are based upon appropriate accounting policies that are supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The accounting officer has reviewed the municipality's cash flow forecast for the year to June 30, 2011 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is largely dependent on Government Grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that there is no intention to liquidate or curtail materially the scale of the municipality.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 5.

The annual financial statements set out on pages 5 to 30, which have been prepared on the going concern basis, were approved by the accounting officer on October 31, 2010 and were signed by:

L M A Mofokeng (Municipal Manager)

M Masisi (Chief Financial Officer)

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Statement of Financial Position

Figures in Rand	Note(s)	2010	2009
Assets			
Current Assets			
Inventories	7	1,339,442	1,339,442
Other receivables from exchange transactions	8	323,072	519,602
VAT receivable	9	2,583,763	-
Trade receivables from exchange transactions	10	31,382,623	28,910,497
Cash and cash equivalents	11	34,065,602	56,308,497
		69,694,502	87,078,038
Non-Current Assets			
Biological assets	3	1,568,760	1,526,960
Investment property carried at provisional amounts	4	114,999	114,999
Property, plant and equipment	5	166,282,627	139,377,383
Investments	6	317,190	240,799
		168,283,576	141,260,141
Non-Current Assets		168,283,576	141,260,141
Current Assets		69,694,502	87,078,038
Non-current assets held for sale (and) (assets of disposal groups)		-	-
Total Assets		237,978,078	228,338,179
Liabilities			
Current Liabilities			
Current portion of finance lease obligation	12	179,110	167,945
Trade and other payables from exchange transactions	15	16,726,358	8,298,541
VAT payable	16	-	8,674,441
Consumer deposits	17	303,084	-
Current unspent conditional grants and receipts	13	29,073,908	47,072,365
Current provisions	14	3,519,952	1,185,724
Bank overdraft	11	1,192,291	7,817,926
		50,994,703	73,216,942
Non-Current Liabilities			
Non current portion of finance lease obligation	12	328,216	507,321
Non-Current Liabilities		328,216	507,321
Current Liabilities		50,994,703	73,216,942
Liabilities of disposal groups		-	-
Total Liabilities		51,322,919	73,724,263
Assets		237,978,078	228,338,179
Liabilities		(51,322,919)	(73,724,263)
Net Assets		186,655,159	154,613,916
Net Assets			
Accumulated surplus		186,655,159	154,613,916

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Statement of Financial Performance

Figures in Rand	Note(s)	2010	2009
Revenue			
Sale of game		339,941	67,939
Property rates	18	2,951,830	1,274,916
Service charges	19	11,575,128	10,928,086
Government grants & subsidies	20	61,368,801	21,668,501
Rental of facilities		29,837	67,812
Fines		87,531	78,835
Other income		341,180	48,183
Interest earned	25	3,011,171	7,055,119
Total Revenue		79,705,419	41,189,391
Expenditure			
Employee related costs	22	(17,312,660)	(15,125,789)
Remuneration of councillors	23	(1,625,893)	(1,674,264)
Depreciation and amortisation	26	(1,002,906)	(254,846)
Finance costs	28	(286,633)	(101,240)
Debt impairment	24	(162,471)	-
Repairs and maintenance		(2,686,641)	(2,526,722)
Bulk purchases	30	(9,596,275)	(8,079,045)
Contracted services	29	(4,364,233)	(2,148,348)
General Expenses	21	(10,885,599)	(13,984,438)
Total Expenditure		(47,923,311)	(43,894,692)
Gains or losses on biological assets and agricultural produce		260,140	-
Revenue		79,705,419	41,189,391
Expenditure		(47,923,311)	(43,894,692)
Other		260,140	-
Surplus (deficit) for the year		32,042,248	(2,705,301)

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Statement of Changes in Net Assets

Figures in Rand	Share capital / contributions from owners	Accumulated surplus	Total net assets
Opening balance as previously reported	-	7,299,835	7,299,835
Adjustments			
Change in accounting policy	-	140,996,348	140,996,348
Prior year adjustments	-	9,023,034	9,023,034
Balance at 01 July 2008	-	157,319,217	157,319,217
Changes in net assets			
Deficit for the year	-	(2,705,301)	(2,705,301)
Total changes	-	(2,705,301)	(2,705,301)
Balance at July 01, 2009	-	154,612,911	154,612,911
Changes in net assets			
Deficit for the year	-	32,042,248	32,042,248
Total changes	-	32,042,248	32,042,248
Balance at June 30, 2010	-	186,655,159	186,655,159
Note(s)			

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Cash Flow Statement

Figures in Rand	Note(s)	2010	2009
Cash flows from operating activities			
Receipts			
Sale of goods and services		9,441,372	75,508,788
Interest income		3,011,171	7,055,119
		<u>12,452,543</u>	<u>82,563,907</u>
Payments			
Finance costs		(195,909)	-
Total receipts		12,452,543	82,563,907
Total payments		(195,909)	-
Undefined difference compared to the cash generated from operations note		-	(2,192,855)
Net cash flows from operating activities	31	<u>12,256,634</u>	<u>80,371,052</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(27,809,179)	(32,708,232)
Proceeds from sale of financial assets		(76,391)	(240,799)
Increase in biological assets	3	(208,140)	-
Proceeds from sale of biological assets	3	478,480	353,069
Net cash flows from investing activities		<u>(27,615,230)</u>	<u>(32,595,962)</u>
Cash flows from financing activities			
Finance lease payments		(258,664)	(966,035)
Net increase/(decrease) in cash and cash equivalents		<u>(15,617,260)</u>	<u>46,809,055</u>
Cash and cash equivalents at the beginning of the year		48,490,571	1,681,516
Cash and cash equivalents at the end of the year	11	<u>32,873,311</u>	<u>48,490,571</u>

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Annual Financial Statements for the year ended June 30, 2010

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention unless specified otherwise. These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practices (GRAP) issued, by the Accounting Standards Board in accordance with Section 122 (3) of the Municipal Finance Management Act, (Act No. 56 of 2003).

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

Standard of GRAP

GRAP 18	Segment Reporting
GRAP 21	Impairment of non-cash generating assets
GRAP 23	Revenue from non-exchange transactions (Taxes and Transfers)
GRAP 24	Presentation of budget information in financial statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of cash-generating assets
GRAP 103	Heritage Assets

A summary of the significant accounting policies are disclosed below.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Provisions

Provisions were raised and management determined estimates based on information available. Additional disclosure of these estimates of provisions are included in Note 14 - Current Provisions.

Allowance for doubtful debts

An impairment loss on debtors is recognised in surplus and deficit when there is objective evidence that there is impairment. An estimate is made for doubtful debtors based on a review of all outstanding amounts at year-end. Bad debts are written off with the approval of Council during the year in which they are identified. Additional disclosure of these estimates are included in note 10.

1.2 Biological assets

Biological assets are measured at their fair value less estimated point-of-sale costs.

The fair value of game is determined based on market prices of game of similar age, breed, and genetic merit.

A gain or loss arising on initial recognition of biological assets at fair value less estimated point-of-sale costs is included in surplus or deficit for the period in which it arises.

1.3 Investment property carried at provisional amounts

Investment property carried at provisional amounts is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property carried at provisional amounts is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property carried at provisional amounts will flow to the

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Accounting Policies

1.3 Investment property carried at provisional amounts (continued)

enterprise, and the cost of the investment property can be measured reliably.

Transitional provision

The municipality accounted for investment property carried at provisional amounts in 2010. This is in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

According to the transitional provision, the municipality is not required to measure investment property carried at provisional amounts for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Investment property. Investment property carried at provisional amounts has accordingly been recognised at provisional amounts, as disclosed in Note 5. The transitional provision expires on Saturday, June 30, 2012.

Until such time as the measurement period expires and investment property carried at provisional amounts is recognised and measured in accordance with the requirements of the Standard of GRAP on Investment property, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Investment property implies that any associated presentation and disclosure requirements need not be complied with for investment property carried at provisional amounts not measured in accordance with the requirements of the Standard of GRAP on Investment property. Management has put in place plans to improve the accounting for investment property by end June 2011.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment purchased from 01 July 2008 going forward has been initially measured at cost. Property, plant and equipment purchased prior to this date has been measured at provisional amounts in terms of Directive 4 of the Accounting Standards Board issued in March 2009.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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Accounting Policies

1.4 Property, plant and equipment (continued)

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for items of property, plant and equipment which was acquired prior to 01 July 2008, which is carried at provisional amounts.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	
• Buildings	30
Furniture and fixtures	
• Furniture and fittings	7-10
Motor vehicles	
• Other vehicles	5
• Specialised vehicles	10
Office Equipment	
• Office Equipment	3-7
IT equipment	
• Computer Equipment	3
Infrastructure	
• Roads and Pavings	30
• Water	15-20
• Sewerage	15-20
Community	
• Buildings	30
• Recreational Facilities	20-30
• Security	5
Other property, plant and equipment	
• Watercraft	15
• Specialised plant and equipment	10-15
• Bins and containers	5

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is

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Accounting Policies

1.4 Property, plant and equipment (continued)

determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Transitional provision

The municipality accounted for property, plant and equipment acquired prior to 01 July 2008 in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework. All classes of property, plant and equipment are affected by this.

According to the transitional provision, the municipality is not required to measure property, plant and equipment, where accounting is incomplete, for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Property, plant and equipment. The relevant Property, plant and equipment has accordingly been recognised at provisional amounts, as disclosed in Note 5. The transitional provision expires on Saturday, June 30, 2012.

Until such time as the measurement period expires and property, plant and equipment is recognised and measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Property, plant and equipment implies that any associated presentation and disclosure requirements need not be complied with for property, plant and equipment not measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment. Management has put in place plans to improve the accounting for property, plant and equipment by end June 2011.

1.5 Financial instruments

Initial recognition and measurement

Financial instruments are measured initially at fair value.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Financial liabilities consist of trade and other payables. Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

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Accounting Policies

1.5 Financial instruments (continued)

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

1.7 Inventories

Transitional provision

The municipality has accounted for inventories in 2010 in accordance with transitional provision as per Directive 4 of the GRAP Reporting Framework.

According to the transitional provision, the municipality is not required to measure inventories for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Inventories. Inventories has accordingly been recognised at provisional amounts, as disclosed in 7. The transitional provision expires on Saturday, June 30, 2012.

Until such time as the measurement period expires and inventories is recognised and measured in accordance with the requirements of the Standard of GRAP on Intangible assets, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Inventories implies that any associated presentation and disclosure requirements need not be complied with for inventories not measured in accordance with the requirements of the Standard of GRAP on Inventories. Management has put in place plans to improve the accounting for inventory by end June 2011.

1.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

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Annual Financial Statements for the year ended June 30, 2010

Accounting Policies

1.8 Employee benefits (continued)

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to statement of financial position date where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in the statement of financial performance over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the municipality is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In the statement of financial performance, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses, plus the present value of available refunds and reduction in future contributions to the plan.

1.9 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note .

1.10 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered/goods sold, the value of which approximates the consideration received or receivable.

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2010

Accounting Policies

1.10 Revenue from exchange transactions (continued)

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

1.11 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Grants, Transfers and Donations

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2010

Accounting Policies

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.12 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.13 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Budget information in accordance with GRAP 1, has been provided in an annexure to these financial statements.

1.14 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.15 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.16 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.17 Presentation of Currency

These annual financial statements are presented in South African Rand.

1.18 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.19 Conditional Grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
2. Changes in accounting policy		
The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of new accounting policies and changes to existing policies:		
The aggregate effect of the changes in accounting policy on the annual financial statements for the year ended June 30, 2009 is as follows:		
Statement of financial position		
Property, plant and equipment		
Previously stated		-
GRAP implementation - take on transfer to accumulated surplus	-	140,281,273
GRAP implementation - transfer to inventory		1,339,442
GRAP implementation - transfer to investment properties	-	114,999
GRAP implementation - recognition of finance lease assets		611,946
Backlog depreciation		(61,395)
	-	139,377,384
Biological assets		
GRAP implementation- transfer from inventory	-	1,526,960
Investment property		
GRAP implementation - transfer from property, plant and equipment	-	114,999
Investments		
Previously stated	-	56,549,296
GRAP implementation - transfer to cash and cash equivalents	-	(56,308,497)
	-	240,799
Cash and cash equivalents		
GRAP implementation - transfer from investments	-	56,308,497
Inventories		
Previously stated	-	1,526,960
GRAP implementation - transfer to biological assets	-	(1,526,960)
GRAP implementation - transfer from property, plant and equipment		1,339,442
	-	1,339,442
Trade receivables from exchange transactions		
Previously stated	-	30,445,935
GRAP implementation - transfer to other receivables from exchange transactions	-	(519,602)
GRAP implementation - transfer to VAT payable	-	(5,308,379)
GRAP implementation - transfer from accumulated surplus	-	4,292,543
	-	28,910,497
Other receivables from exchange transactions		
GRAP implementation - transfer from trade and other receivables	-	519,606
Trade and other payables from exchange transactions		
Previously stated	-	66,470,948
GRAP implementation - transfer to accumulated funds	-	(93,472)
GRAP implementation - transfer to accumulated funds	-	(3,786)
GRAP implementation - transfer to VAT payable	-	(13,982,820)

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
2. Changes in accounting policy (continued)		
GRAP implementation - transfer from provisions	-	327,529
GRAP implementation - transfer from consumer deposits	-	281,532
GRAP implementation - transfer from cash and cash equivalents	-	2,370,974
GRAP implementation - transfer to unspent grants	-	(47,072,365)
	<u>-</u>	<u>8,298,540</u>
VAT payable		
Previously stated	-	-
GRAP implementation - transfer from trade and other receivables	-	5,308,379
GAP implementation - transfer to trade and other payables	-	(13,982,820)
	<u>-</u>	<u>(8,674,441)</u>
Current unspent grants		
GRAP implementation - transfer from trade and other payables	-	47,072,365
	<u>-</u>	<u>47,072,365</u>
Bank overdraft		
Previously stated	-	(10,188,900)
GRAP Implementation - Transfer to trade and other payables from exchange transactions	-	2,370,974
	<u>-</u>	<u>(7,817,926)</u>
Trust funds		
Previously stated	-	9,476,931
GRAP implementation - transfer to accumulated surplus	-	(9,476,931)
	<u>-</u>	<u>-</u>
Provisions		
Previously stated	-	1,513,253
GRAP implementation - transfer to trade and other payables	-	(327,529)
	<u>-</u>	<u>1,185,72</u>
Lease liabilities		
Previously stated	-	-
GRAP implementation - transfer to accumulated surplus	-	674,271
	<u>-</u>	<u>674,27</u>
Consumer deposits		
Previously stated	-	281,531
GRAP implementation - transfer to trade and other payables	-	(281,531)
• Additional text		

3. Biological assets

	2010		2009	
	Fair Value	Carrying value	Fair Value	Carrying value
Game	1,568,760	-	1,526,960	-

Reconciliation of carrying valued of biological assets - 2010

	Opening Balance	Additions	Disposals	Gains or losses arising from changes in fair value	Total
Game	1,526,960	208,140	(218,340)	52,000	1,568,760

Reconciliation of carrying value of biological assets - 2009

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
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3. Biological assets (continued)

	Opening Balance	Decreases due to harvest / sales	Total
Game	1,880,029	(353,069)	1,526,960

Non – Financial information

Quantities of each biological asset

Game	1,433	1,459
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Methods and assumptions used in determining fair value

Tokologo Municipality is engaged in game farming. The balance sheet valuation of biological assets is based on an actual count and the unit values on market prices.

4. Investment property carried at provisional amounts

	2010			2009		
	Provisional amount	Accumulated depreciation	Carrying value	Provisional amount	Accumulated depreciation	Carrying value
Investment property	114,999	-	114,999	114,999	-	114,999

Reconciliation of carrying value of investment property - 2010

	Opening Balance	Total
Investment property	114,999	114,999

Reconciliation of carrying value of investment property - 2009

	Opening Balance	Total
Investment property	114,999	114,999

Investment property comprises grazing fields commonly described as camp sites. Their main purpose is for renting out to livestock farmers for grazing. Their carrying amounts have been measured at provisional amounts in terms of Directive 4 of the Accounting Standards Board issued in March 2009. The Municipality has planned to implement various steps to establish the correct value of investment property in terms of GRAP 16 for the financial year ended 30 June 2011.

5. Property, plant and equipment

	2010			2009		
	Cost / Provisional amount	Accumulated depreciation	Carrying value	Cost / Provisional amount	Accumulated depreciation	Carrying value
Land & Buildings	11,823,839	-	11,823,839	11,823,839	-	11,823,839
Infrastructure	145,179,041	(626,888)	144,552,153	117,597,721	-	117,597,721
Community	5,110,272	(48,200)	5,062,072	5,110,272	-	5,110,272
Finance lease assets	418,495	-	418,495	611,946	-	611,946
Other property, plant and equipment	4,621,830	(195,762)	4,426,068	4,295,000	(61,395)	4,233,605
Total	167,153,477	(870,850)	166,282,627	139,438,778	(61,395)	139,377,383

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
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5. Property, plant and equipment (continued)

Reconciliation of carrying value of property, plant and equipment - 2010

	Opening Balance	Additions	Depreciation	Total
Land & Buildings	11,823,839	-	-	11,823,839
Infrastructure	117,597,721	27,581,320	(626,888)	144,552,153
Community	5,110,272	-	(48,200)	5,062,072
Finance lease assets	611,946	-	(193,451)	418,495
Other property, plant and equipment	4,233,605	227,859	(35,396)	4,426,068
	139,377,383	27,809,179	(903,935)	166,282,627

Reconciliation of carrying value of property, plant and equipment - 2009

	Opening Balance	Additions	Depreciation	Total
Buildings	11,823,839	-	-	11,823,839
Infrastructure	90,036,496	27,561,225	-	117,597,721
Community	1,649,225	3,461,047	-	5,110,272
Finance lease assets	197,827	607,571	(193,452)	611,946
Other property, plant and equipment	3,216,611	1,078,389	(61,395)	4,233,605
	106,923,998	32,708,232	(254,847)	139,377,383

Assets subject to finance lease (Net carrying amount)

Other property, plant and equipment	418,495	611,946
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Transitional provisions

Property, plant and equipment recognised at provisional amounts

In accordance with the transitional provisions as per Directive 4 of the Accounting Standards Board, property, plant and equipment acquired before 01 July 2008 was recognised at provisional amounts.

6. Investments

At fair value

Listed shares	317,190	240,799
	317,190	240,799
	-	-
	-	-
	-	-
	-	-
	317,190	240,799
Non-current assets	317,190	240,799
Current assets	-	-

The municipality has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
7. Inventories		
Township developments	1,339,442	1,339,442
Chemicals	-	-
Spare parts	-	-
Water	-	-
	1,339,442	1,339,442

Inventories comprise township developments, chemicals, spare parts and water. All these inventory items have been recognised in terms of the transitional provisions contained in Directive 4 of the Accounting Standards Board issued in March 2009. Chemicals, spare parts and water have been at recognised at Rnil. This provisional amount was used because the information to measure inventories was incomplete at balance sheet date.

The municipality has planned to implement various steps to establish the correct value of inventory items in terms of GRAP 12 in the financial year ending 30 June 2011.

8. Other receivables from exchange transactions

Other receivables	323,072	519,602
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Fair value of other receivables from non-exchange transactions

The carrying amounts of accounts receivables approximate their fair value due to their short-term nature.

9. VAT receivable

VAT	2,583,763	-
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The carrying amounts of VAT receivable approximates fair value due to its short-term nature.

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

10. Trade receivables from exchange transactions

Gross balances

Rates	13,374,318	18,742,325
Electricity	3,230,451	2,405,263
Water	374,349	459,103
Sewerage	12,277,218	4,427,421
Refuse	8,128,309	6,802,974
	37,384,645	32,837,086

Less: Provision for bad debts

Rates	(2,147,217)	(2,241,167)
Electricity	(518,642)	(287,616)
Water	(60,101)	(54,899)
Sewerage	(1,971,080)	(529,422)
Refuse	(1,304,982)	(813,485)
	(6,002,022)	(3,926,589)

Net balance

Rates	11,227,101	16,501,158
Electricity	2,711,809	2,117,647
Water	314,248	404,204
Sewerage	10,306,138	3,897,999
Refuse	6,823,327	5,989,489
	31,382,623	28,910,497

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
10. Trade receivables from exchange transactions (continued)		
Rates		
Current (0 -30 days)	285,168	419,129
31 - 60 days	235,769	346,524
61 - 90 days	217,806	320,122
91 - 120 days	214,438	315,172
121 - 150 days	207,701	305,271
> 150 days	10,066,219	14,794,940
	11,227,101	16,501,158
Electricity		
Current (0 -30 days)	68,880	53,788
31 - 60 days	56,948	44,471
61 - 90 days	52,609	41,082
91 - 120 days	51,796	40,447
121 - 365 days	50,168	39,176
> 365 days	2,431,408	1,898,683
	2,711,809	2,117,647
Water		
Current (0 -30 days)	7,982	10,267
31 - 60 days	6,599	8,488
61 - 90 days	6,096	7,842
91 - 120 days	6,002	7,720
121 - 365 days	5,814	7,478
> 365 days	281,755	362,409
	314,248	404,204
Sewerage		
Current (0 -30 days)	261,776	99,009
31 - 60 days	216,429	81,858
61 - 90 days	199,939	75,621
91 - 120 days	196,847	74,452
121 - 365 days	190,664	72,113
> 365 days	9,240,483	3,494,946
	10,306,138	3,897,999
Refuse		
Current (0 -30 days)	173,313	152,133
31 - 60 days	143,290	125,779
61 - 90 days	132,373	116,196
91 - 120 days	130,326	114,399
121 - 365 days	126,232	110,806
> 365 days	6,117,793	5,370,176
	6,823,327	5,989,489
Summary of debtors by customer classification		
Less: Provision for debt impairment		
> 365 days	(6,002,022)	(3,926,589)
Reconciliation of bad debt provision		
Balance at beginning of the year	31,382,623	28,910,497

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
11. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Short-term deposits	34,065,602	56,308,497
Bank overdraft	(1,192,291)	(7,817,926)
	32,873,311	48,490,571
Current assets	34,065,602	56,308,497
Current liabilities	(1,192,291)	(7,817,926)
	32,873,311	48,490,571

Cash and cash equivalents comprises cash with banks and short-term deposits. Cash equivalents are short term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. The carrying amounts therefore approximates their fair values.

Cash and cash equivalents pledged as collateral

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	June 30, 2010	30 June 2009	June 30, 2010	30 June 2009
First National Bank - Current account - 62021285748	1,093,046	- 859,966	(1,192,292)	- (7,817,926)
First National Bank - Money Market - 62029303542	32,128,980	- 54,485,702	32,128,980	- 54,485,702
First National Bank - 32 Day Deposit - 74037631683	110,390	- 104,431	111,050	- 104,370
First National Bank- Fixed Deposit- 71037990209	10,145	- 10,145	10,145	- 10,145
First National Bank - 32 Day Deposit -74037601777	47,643	- 45,669	47,643	- 45,669
Standard Bank - 32 Day Deposit - 048866393	1,740,556	- 1,636,563	1,740,556	- 1,636,563
Standard Bank - 32 Day Deposit- 048865303	27,228	- 26,048	27,228	- 26,048
Total	35,157,988	- 57,168,524	32,873,310	- 48,490,571

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
12. Finance lease obligation		
Minimum lease payments due		
- within one year	241,536	256,767
- in second to fifth year inclusive	382,578	624,115
	<u>624,114</u>	<u>880,882</u>
less: future finance charges (within one year)	(62,427)	(88,822)
less: future finance charges (in second to fifth year inclusive)	(54,361)	(116,794)
	<u>507,326</u>	<u>674,266</u>
Present value of minimum lease payments		
	<u>507,326</u>	<u>674,266</u>
Non-current liabilities	328,216	507,321
Current liabilities	179,110	167,945
	<u>507,326</u>	<u>675,266</u>

The average lease term is 5 years and the average effective borrowing rate is 13.17%. Interest rates are fixed at the contract date. Some leases have fixed repayment terms and others escalate at 18% per annum. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

13. Current unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent Conditional Grants from other spheres of Government

Municipal Infrastructure Grant	29,073,908	47,072,365
Movement during the year		
Balance at the beginning of the year	47,072,365	-
Additions during the year	12,850,000	50,000,000
Income recognition during the year	(30,848,457)	(2,927,635)
	<u>29,073,908</u>	<u>47,072,365</u>

See note 20 for reconciliation of grants from National/District Municipality.

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
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14. Current provisions

Reconciliation of current provisions - 2010

	Opening Balance	Contribution to provision	Utilised during the year	Total
Leave pay provision	1,185,724	690,882	(103,520)	1,773,086
Rehabilitation of Landfill Sites	-	1,746,866	-	1,746,866
	1,185,724	2,437,748	(103,520)	3,519,952

Reconciliation of current provisions - 2009

	Opening Balance	Contributions to provision	Total
Leave pay provision	290,557	895,167	1,185,724

The provision for leave pay relates to an obligation which arises as a result of leave accruing to employees based on the number of leave days accrued (capped to a maximum of 48 days) and the employee pay rates.

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is based on professional estimates received and is expected to be incurred within the next twelve months.

15. Trade and other payables from exchange transactions

Trade payables	9,396,199	8,298,541
Payments received in advanced - contract in process	5,896,000	-
Other payables	1,434,159	-
	16,726,358	8,298,541

16. VAT payable

VAT payable	-	8,674,441
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The carrying amount of VAT approximates fair value.

VAT is payable on the receipt basis. VAT is paid over to SARS only once payment is received from debtors.

17. Consumer deposits

Electricity and water	303,084	-
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18. Property Rates

Rates received

Residential	2,951,830	1,274,916
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19. Service charges

Sale of electricity	7,217,078	5,167,603
Sale of water	274,871	1,559,479
Sewerage and sanitation charges	2,506,695	2,556,827
Refuse removal	1,576,484	1,644,177
	11,575,128	10,928,086

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
20. Government grants and subsidies		
Municipal Infrastructure Grant	30,848,457	-
Lejweleputswa District Municipality Grant	751,883	-
Intergrated National Electrification Programme Grant	92,000	-
Municipal Systems Improvements Grant	735,000	735,000
Financial Management Grant	750,000	500,000
Equitable Share	27,728,726	20,433,501
Development Bank of South Africa Grant	462,735	-
	61,368,801	21,668,501

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members as well as to subsidise the municipality's operations.

All registered indigents received a monthly subsidy of R40,711 which is funded from the grant.

Municipal Infrastructure Grant

Balance unspent at beginning of year	47,072,365	-
Current-year receipts	12,850,000	50,000,000
Conditions met - transferred to revenue	(30,848,457)	(2,927,635)
	29,073,908	47,072,365

Conditions still to be met - remain liabilities (see note 13)

Municipal Systems Improvement Grant

Current-year receipts	735,000	735,000
Conditions met - transferred to revenue	(735,000)	(735,000)
	-	-

Financial Management Grant

Current-year receipts	750,000	500,000
Conditions met - transferred to revenue	(750,000)	(500,000)
	-	-

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
21. General expenses		
Accounting fees	178,411	-
Advertising	237,199	262,216
Assessment rates & municipal charges	1,680,312	7,007
Auditors remuneration	815,403	639,793
Bank charges	-	168,334
Cleaning	251	-
Computer expenses	-	108,087
Consumables	-	727,589
Entertainment	110,352	223,945
Insurance	292,470	420,281
IT expenses	6,505	-
Lease rentals on operating lease	199,653	(149,165)
Medical expenses	-	126,690
Motor vehicle expenses	-	451,186
Fuel and oil	568,918	-
Postage and courier	13,242	10,255
Printing and stationery	192,385	129,702
Staff welfare	947,688	9,358
Subscriptions and membership fees	100,000	-
Telephone and fax	587,416	309,770
Transport and freight	-	1,570
Training	212,302	5,388,020
Travel - local	1,408,701	714,358
Refuse	38,619	-
Assets expensed	833	2,119,673
Electricity	993,825	129,382
Water	18,833	153,261
Uniforms	3,947	-
Contribution to landfill sites rehabilitation	1,746,866	-
Miscellaneous office expenses	313,128	1,776,381
Property only	-	256,745
Sale of goods	218,340	-
	10,885,599	13,984,438

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
22. Employee related costs		
Salaries and wages	10,469,126	9,277,626
Performance and other bonus	756,557	567,650
Medical aid - company contributions	645,123	629,512
UIF	282,332	113,760
Other payroll levies	-	388,284
Leave pay provision charge	582,672	-
Post-employment benefits - Pension - Defined contribution plan	1,817,821	1,203,888
Travel, motor car, accommodation, subsistence and other allowances	-	1,285,857
Overtime payments	391,939	338,317
Acting allowances	18,553	18,888
Transport allowance	768,570	4,045
Housing benefits and allowances	18,602	-
	15,751,295	13,827,827
Remuneration of Municipal Manager		
Annual Remuneration	511,802	481,017
Contributions to UIF, Medical and Pension Funds	1,719	1,719
	513,521	482,736
Remuneration of Chief Finance Officer		
Annual Remuneration	185,425	291,894
Car Allowance	52,500	90,000
Contributions to UIF, Medical and Pension Funds	1,003	1,719
Housing allowance	14,000	24,000
	252,928	407,613
Corporate and human resources (corporate services)		
Annual Remuneration	317,871	291,894
Car Allowance	102,000	102,000
Contributions to UIF, Medical and Pension Funds	1,719	1,719
Housing allowances	12,000	12,000
	433,590	407,613
Remuneration of Technical Manager		
Annual Remuneration	264,893	-
Car Allowance	75,000	-
Contributions to UIF, Medical and Pension Funds	1,433	-
Housing Allowance	20,000	-
	361,326	-
23. Remuneration of Councillors		
Executive Mayor	451,711	406,249
Councillors	1,174,182	1,268,015
	1,625,893	1,674,264
In-kind benefits		
The Mayor is provided with an office with secretarial support and an official vehicle with a driver at the cost of the Council.		

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
24. Debt impairment		
Contributions to debt impairment provision	162,471	-
25. Interest earned		
Bank	2,540,166	6,640,169
Interest charged on trade and other receivables	471,005	414,950
	3,011,171	7,055,119
	-	-
	3,011,171	7,055,119
The amount included in interest earned arising from exchange transactions amounted to R 471,005 (2009: R414,950).		
The amount included in interest earned arising from non-exchange transactions amounted to R 2,540,166 (2009: R6,640,169).		
26. Depreciation and amortisation		
Property, plant and equipment	1,002,906	254,846
27. Gains or losses on biological assets		
Gains or losses arising from a change in fair value less point of sale costs	260,140	-
28. Finance costs		
Finance leases	90,724	101,240
Bank	195,097	-
Other interest paid on consumer accounts	812	-
	286,633	101,240
29. Contracted Services		
Specialist Services	4,364,233	2,148,348
Contracted specialist services are for legal, valuation and financial management and accounting services.		
30. Bulk purchases		
Electricity	9,313,452	7,988,582
Water	282,823	90,463
	9,596,275	8,079,045
31. Cash generated from operations		
Surplus (deficit)	32,042,248	(2,705,301)
Adjustments for:		
Depreciation and amortisation	1,002,906	254,846
Loss on sale of assets and liabilities	(260,140)	-
Finance costs - Finance leases	90,724	101,240
Debt impairment	162,471	-
Movements in provisions	2,334,228	-
Other non-cash items	(151,978)	11,591,391
Changes in working capital:		

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
31. Cash generated from operations (continued)		
Inventories	-	540,567
Other receivables from exchange transactions	196,530	(9,958,343)
Consumer debtors	(2,634,597)	(28,910,497)
Trade and other payables from exchange transactions	8,427,819	53,710,343
VAT	(11,258,204)	8,674,441
Current unspent conditional grants and receipts	(17,998,457)	47,072,365
Consumer deposits	303,084	-
	12,256,634	80,371,052

32. Commitments

Authorised capital expenditure

Contracted for and authorised

• Property, plant and equipment	39,840,684	47,072,365
---------------------------------	------------	------------

This committed expenditure relates to the bulk water project and will be financed from the unspent portion of the Municipal Infrastructure Grant, and allocation for 2010/11.

33. Risk management

Financial risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Risk from biological assets

The municipality is exposed to financial risks arising from changes in the market price of game. The municipality does not anticipate that game prices will decline significantly in the foreseeable future. The municipality has not entered into derivative contracts to manage the risk of a decline in game prices. The municipality reviews its outlook for game prices regularly in considering the need for active financial risk management.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets exposed to credit risk at year end are shown in the relevant note for cash and cash equivalents and trade receivables.

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2010
Appendix A: Schedule of external loans

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APPENDIX A

GOVERNMENT TEMPLATE: SCHEDULE OF EXTERNAL LOANS AS AT WEDNESDAY, JUNE 30, 2010

LEASE LIABILITIES

Gestetner @ 15.5%
 Sharp @ 15.5%
 Minolta @ 10.5%

Loan Number	Redeemable	Yearly		Yearly		Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA	Rand	Rand
		Balance at Tuesday, June 30, 2009	Received during the period	Redeemed written off during the period	Balance at Wednesday, June 30, 2010				
		Rand	Rand	Rand	Rand	Rand	Rand		
01134273	03/06/2013	193,919	-	23,292	170,627	125,572	-	-	
S0001362	11/06/2013	335,185	-	64,481	270,704	238,970	-	-	
3507	01/03/2011	146,168	-	80,172	65,996	53,953	-	-	
		675,272	-	167,945	507,327	418,495	-	-	

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2010

Supplementary Information

Appendix B: Analysis of Property, plant and equipment

GOVERNMENT TEMPLATE: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2006
Cost/Revaluation **Accumulated Depreciation**

	Opening Balance Rand	Additions Rand	Under Construction Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Closing Balance Rand	Carrying Value Rand	Budget Additions Rand
Land/ Heritage											
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-
Painting & Art Galleries	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Buildings											
Land	-	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Leasehold property											
Sewerage Mains & Purify	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Plant and machinery	-	-	-	-	-	-	-	-	-	-	-
Furniture and fixtures	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	-	-	-	-	-	-	-	-	-	-	-
Office equipment	-	-	-	-	-	-	-	-	-	-	-
IT equipment	-	-	-	-	-	-	-	-	-	-	-
Computer software	-	-	-	-	-	-	-	-	-	-	-
Housing Develop Fund											
Housing Rental 1	-	-	-	-	-	-	-	-	-	-	-
Housing Rental 2	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Infrastructure											
Drains	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Beach Improvements	-	-	-	-	-	-	-	-	-	-	-
Sewerage Mains & Purif	-	-	-	-	-	-	-	-	-	-	-
Electricity Mains	-	-	-	-	-	-	-	-	-	-	-
Electricity Peak Load Equip	-	-	-	-	-	-	-	-	-	-	-
Water Mains & Purification	-	-	-	-	-	-	-	-	-	-	-
Reservoirs – Water	-	-	-	-	-	-	-	-	-	-	-
Water Meters	-	-	-	-	-	-	-	-	-	-	-
Water Mains	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-

GOVERNMENT TEMPLATE: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2006
Cost/Revaluation **Accumulated Depreciation**

	Opening Balance Rand	Additions Rand	Under Construction Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Closing Balance Rand	Carrying Value Rand	Budget Additions Rand
Community											
Parks & Gardens	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-
Civic Buildings	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Other property, plant and equipment											
Landfill sites	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	-	-	-	-	-	-	-	-	-	-	-
Fire engines	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-
Computer equipment	-	-	-	-	-	-	-	-	-	-	-
Councillors Regalia	-	-	-	-	-	-	-	-	-	-	-
Conservancy tankers	-	-	-	-	-	-	-	-	-	-	-
Watercraft	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Total											
Land/ Heritage	-	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-	-
Leasehold property	-	-	-	-	-	-	-	-	-	-	-
Plant and machinery	-	-	-	-	-	-	-	-	-	-	-
Furniture and fixtures	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	-	-	-	-	-	-	-	-	-	-	-
Office equipment	-	-	-	-	-	-	-	-	-	-	-
IT equipment	-	-	-	-	-	-	-	-	-	-	-
Computer software	-	-	-	-	-	-	-	-	-	-	-
Housing Develop Fund	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-	-	-
Other property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-

GOVERNMENT TEMPLATE: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2006
Cost/Revaluation **Accumulated Depreciation**

Opening Balance Rand	Additions Rand	Under Construction Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Closing Balance Rand	Carrying Value Rand	Budget Additions Rand

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2010

Supplementary Information

Appendix C: Segmental analysis of Property, plant and equipment

GOVERNMENT TEMPLATE: SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2006	
Cost/Revaluation	Accumulated Depreciation
<p>1. Land</p> <p>2. Buildings</p> <p>3. Plant and equipment</p>	<p>4. Land</p> <p>5. Buildings</p> <p>6. Plant and equipment</p>

[illegible]

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2010

Supplementary Information

Appendix D: Segmental Statement of Financial Performance

GOVERNMENT TEMPLATE: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED

[illegible][illegible]

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2010

Supplementary Information

Appendix E(1): Actual versus Budget (Revenue and Expenditure)

APPENDIX E(1) for the ended Wednesday, June 30, 2010
June 2010

	Current year	Prior Year #	Current year	Prior Year #	Current year	Prior Year #	Current year	Prior Year #	Current year	Prior Year #	Current year	Prior Year #
	2009	1 2008	2009	1 2008	2009	1 2008	2009	1 2008	2009	1 2008	2009	1 2008
	Act. Bal.	Act. Bal.	Act. Bal.	Act. Bal.	Act. Bal.	Act. Bal.	Act. Bal.	Act. Bal.	Act. Bal.	Act. Bal.	Act. Bal.	Act. Bal.
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Revenue												
Property rates	-	-	-	-	-	-	-	-	-	-	-	-
Property rates - penalties imposed and collection charges	-	-	-	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-	-	-	-
RSC Levies 1	-	-	-	-	-	-	-	-	-	-	-	-
RSC Levies 2	-	-	-	-	-	-	-	-	-	-	-	-
RSC Levies 3	-	-	-	-	-	-	-	-	-	-	-	-
RSC Levies 4	-	-	-	-	-	-	-	-	-	-	-	-
RSC Levies 5	-	-	-	-	-	-	-	-	-	-	-	-
RSC Levies 6	-	-	-	-	-	-	-	-	-	-	-	-
RSC Levies 7	-	-	-	-	-	-	-	-	-	-	-	-
RSC Levies 8	-	-	-	-	-	-	-	-	-	-	-	-
RSC Levies 9	-	-	-	-	-	-	-	-	-	-	-	-
RSC Levies 10	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Interest received 1	-	-	-	-	-	-	-	-	-	-	-	-
Interest received 2	-	-	-	-	-	-	-	-	-	-	-	-
Interest received 3	-	-	-	-	-	-	-	-	-	-	-	-
Interest received 4	-	-	-	-	-	-	-	-	-	-	-	-
Interest received 5	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-
Sales of housing	-	-	-	-	-	-	-	-	-	-	-	-
Income from agency services	-	-	-	-	-	-	-	-	-	-	-	-
Government grants & subsidies	-	-	-	-	-	-	-	-	-	-	-	-
Public contributions and donations	-	-	-	-	-	-	-	-	-	-	-	-
Municipal Revenue UD1	-	-	-	-	-	-	-	-	-	-	-	-
Municipal Revenue UD2	-	-	-	-	-	-	-	-	-	-	-	-
Revenue 2	-	-	-	-	-	-	-	-	-	-	-	-
Trading and general (Filtered)	-	-	-	-	-	-	-	-	-	-	-	-
Farming only (Filtered)	-	-	-	-	-	-	-	-	-	-	-	-
Trading and general (Filtered)	-	-	-	-	-	-	-	-	-	-	-	-
Farming only (Filtered)	-	-	-	-	-	-	-	-	-	-	-	-
Construction contracts	-	-	-	-	-	-	-	-	-	-	-	-
Royalty income	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous other revenue	-	-	-	-	-	-	-	-	-	-	-	-
Revenue 1	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-

Other income

APPENDIX E(1) for the ended Wednesday, June 30, 2010
June 2010

	Current year 2009 Act. Bal.	Prior Year # 1 2008 Act. Bal.	Current year 2009 Act. Bal.	Prior Year # 1 2008 Act. Bal.	Current year 2009 Act. Bal.	Prior Year # 1 2008 Act. Bal.	Current year 2009 Act. Bal.	Prior Year # 1 2008 Act. Bal.	Current year 2009 Act. Bal.	Prior Year # 1 2008 Act. Bal.	Current year 2009 Act. Bal.	Prior Year # 1 2008 Act. Bal.
Other income	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-
Interest received - investment	-	-	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Investment property	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
Investment in controlled entities	-	-	-	-	-	-	-	-	-	-	-	-
Investments in joint ventures	-	-	-	-	-	-	-	-	-	-	-	-
Investments in associates	-	-	-	-	-	-	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	-	-	-	-	-	-
Other asset 1	-	-	-	-	-	-	-	-	-	-	-	-
Other asset 2	-	-	-	-	-	-	-	-	-	-	-	-
Other asset 3	-	-	-	-	-	-	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Profit and loss on exchange differences	-	-	-	-	-	-	-	-	-	-	-	-
Gains or losses on biological assets and agricultural produce (Filtered)	-	-	-	-	-	-	-	-	-	-	-	-
Gains or losses on biological assets and agricultural produce	-	-	-	-	-	-	-	-	-	-	-	-
Income from equity accounted investments	-	-	-	-	-	-	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Expenses												
Employee related costs	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration of councillors	-	-	-	-	-	-	-	-	-	-	-	-
Debt impairment	-	-	-	-	-	-	-	-	-	-	-	-
Collection costs	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Amortisation	-	-	-	-	-	-	-	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-	-	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases	-	-	-	-	-	-	-	-	-	-	-	-
Contracted Services	-	-	-	-	-	-	-	-	-	-	-	-
Grants and subsidies paid	-	-	-	-	-	-	-	-	-	-	-	-
Cost of housing sold	-	-	-	-	-	-	-	-	-	-	-	-
General expenses	-	-	-	-	-	-	-	-	-	-	-	-
Employee related costs	-	-	-	-	-	-	-	-	-	-	-	-
Farming only	-	-	-	-	-	-	-	-	-	-	-	-
Gain or loss on exchange differences	-	-	-	-	-	-	-	-	-	-	-	-

APPENDIX E(1) for the ended Wednesday, June 30, 2010
June 2010

	Current year 2009 Act. Bal.	Prior Year # 1 2008 Act. Bal.	Current year 2009 Act. Bal.	Prior Year # 1 2008 Act. Bal.	Current year 2009 Act. Bal.	Prior Year # 1 2008 Act. Bal.	Current year 2009 Act. Bal.	Prior Year # 1 2008 Act. Bal.	Current year 2009 Act. Bal.	Prior Year # 1 2008 Act. Bal.	Current year 2009 Act. Bal.	Prior Year # 1 2008 Act. Bal.
Impairments	-	-	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Investment property	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
Investment in controlled entities	-	-	-	-	-	-	-	-	-	-	-	-
Investments in joint ventures	-	-	-	-	-	-	-	-	-	-	-	-
Investments in associates	-	-	-	-	-	-	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	-	-	-	-	-	-
Other asset 1	-	-	-	-	-	-	-	-	-	-	-	-
Other asset 2	-	-	-	-	-	-	-	-	-	-	-	-
Other asset 3	-	-	-	-	-	-	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Fair value adjustments	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Operating profit	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue and costs												
Restructuring	-	-	-	-	-	-	-	-	-	-	-	-
Gains or losses on biological assets and agricultural produce	-	-	-	-	-	-	-	-	-	-	-	-
Income from equity accounted investments	-	-	-	-	-	-	-	-	-	-	-	-
Profit and loss on sale of non-current assets held for sale and net assets of disposal groups	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Net surplus/ (deficit) for the year	-	-	-	-	-	-	-	-	-	-	-	-

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2010

Supplementary Information

Appendix E(2): Actual versus Budget (Acquisition of Property, Plant and Equipment)

GOVERNMENT TEMPLATE: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2006

	Additions	Under	Closing	Budget	Variance	Variance	Explanation of Significant Variances greater than 5% versus Budget
	Rand	Construction	Balance	Rand	Rand	%	
		Rand	Rand				
Land/ Heritage							
Historical Buildings	-	-	-	-	-	-	(Explanations to be recorded)
Painting & Art Galleries	-	-	-	-	-	-	
	-	-	-	-	-	-	-
Buildings							
Land	-	-	-	-	-	-	
Buildings	-	-	-	-	-	-	
	-	-	-	-	-	-	-
Leasehold property							
Sewerage Mains & Purify	-	-	-	-	-	-	
	-	-	-	-	-	-	-
Plant and machinery	-	-	-	-	-	-	-
Furniture and fixtures	-	-	-	-	-	-	-
Motor vehicles	-	-	-	-	-	-	-
Office equipment	-	-	-	-	-	-	-
IT equipment	-	-	-	-	-	-	-
Computer software	-	-	-	-	-	-	-
Housing Develop Fund							
Housing Rental 1	-	-	-	-	-	-	
Housing Rental 2	-	-	-	-	-	-	
	-	-	-	-	-	-	-
Infrastructure							
Drains	-	-	-	-	-	-	
Roads	-	-	-	-	-	-	
Beach Improvements	-	-	-	-	-	-	
Sewerage Mains & Purif	-	-	-	-	-	-	
Electricity Mains	-	-	-	-	-	-	
Electricity Peak Load Equip	-	-	-	-	-	-	
Water Mains & Purification	-	-	-	-	-	-	
Reservoirs – Water	-	-	-	-	-	-	
Water Meters	-	-	-	-	-	-	
Water Mains	-	-	-	-	-	-	
	-	-	-	-	-	-	-

	Additions	Under	Closing	Budget	Variance	Variance	Explanation of Significant Variances greater than 5% versus Budget
	Rand	Construction	Balance	Rand	Rand	%	
		Rand	Rand				
Community							
Parks & Gardens	-	-	-	-	-	-	
Libraries	-	-	-	-	-	-	
Recreation Grounds	-	-	-	-	-	-	
Civic Buildings	-	-	-	-	-	-	
	-	-	-	-	-	-	-
Other property, plant and equipment							
Landfill sites	-	-	-	-	-	-	
Office Equipment	-	-	-	-	-	-	
Furniture & Fittings	-	-	-	-	-	-	
Bins and Containers	-	-	-	-	-	-	
Emergency Equipment	-	-	-	-	-	-	
Motor vehicles	-	-	-	-	-	-	
Fire engines	-	-	-	-	-	-	
Refuse tankers	-	-	-	-	-	-	
Computer equipment	-	-	-	-	-	-	
Councillors Regalia	-	-	-	-	-	-	
Conservancy tankers	-	-	-	-	-	-	
Watercraft	-	-	-	-	-	-	
Land	-	-	-	-	-	-	
Buildings	-	-	-	-	-	-	
	-	-	-	-	-	-	-
Total							
Buildings	-	-	-	-	-	-	
Leasehold property	-	-	-	-	-	-	
Plant and machinery	-	-	-	-	-	-	
Furniture and fixtures	-	-	-	-	-	-	
Motor vehicles	-	-	-	-	-	-	
Office equipment	-	-	-	-	-	-	
IT equipment	-	-	-	-	-	-	
Computer software	-	-	-	-	-	-	
Housing Develop Fund	-	-	-	-	-	-	
Infrastructure	-	-	-	-	-	-	
Community	-	-	-	-	-	-	
Other property, plant and equipment	-	-	-	-	-	-	
	-	-	-	-	-	-	-

APPENDIX E(2) for the period ended Wednesday, June 30, 2010
June 2010

Additions	Under	Closing	Budget	Variance	Variance	Explanation of Significant Variances greater than 5% versus Budget
Rand	Construction	Balance	Rand	Rand	%	
Rand	Rand	Rand	Rand	Rand	%	

TOKOLOGO MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2010

Supplementary Information

Appendix F: Disclosure of Grants and subsidies in terms of the Municipal Finance Management Act

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

June 2010

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Dec	Mar	Jun	Sep	Dec	Dec	Mar	Jun	Sep	Dec	Dec	Mar	Jun	Sep	Dec			
Municipal infrastructure grant (MIG)	National	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		No	
DBSA	Development Finance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Municipal systems improvements grant (MSIG)	National	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.